



Shire of Victoria Plains

Minutes of an Audit Committee Meeting held

On	Friday 30 th November 2012
At	Council Chambers, Calingiri
Commencing	2.04pm

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1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Chairperson declared the meeting open at 2.04pm.

2 ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE GRANTED

Chairperson: Cr G Erickson South Ward

Councillors: Cr B Johnson East Ward
Cr D Lovelock West Ward

Community Members: Mr G Nixon New Norcia
Mr G McGill Calingiri

Chief Executive Officer: Mr H Hawkins

Finance and Administration Manager/DCEO: Mr I Graham

Apologies: Nil

2.1 Minutes – 19th June 2012

Resolution

Moved Cr Lovelock seconded G McGill that the minutes of the Audit Committee meeting held 19th June 2012 be accepted.

Carried 7/0

2.1.1 Business Arising from previous minutes

Cr Lovelock

Did Mr McGill and Mr Nixon receive copies of the income and expense reports on the Calingiri Sports Pavilion project?

G McGill

Enquired on cost overrun on Gillingarra Glentromie Road.

Chief Executive Officer

Explained that last financial year costs were under. The previous financial year costs were over. New Works Manager in place. Higher drainage costs.

General discussion was held regarding differing approaches to road construction.

G McGill

Requested that Calingiri Sports Pavilion project be discussed in General Business.

The Chairperson agreed.

3 GENERAL BUSINESS

3.1 2011/2012 Annual Report

Resolution

Moved G Nixon seconded Cr Lovelock that the 2011/2012 Annual Report be accepted.

Carried 7/0

General discussion was held on the 2011/2012 Annual Report.

Financials

G Nixon

What is the actual budget surplus?

Deputy Chief Executive Officer

The actual surplus is \$967,895 made up of Grants in Advance of \$400,000, Roads Maintenance and Construction \$300,000 and other income of \$160,000.

G McGill

Why did we not achieve the budgeted roads projects?

Chief Executive Officer

There was a change in Works Managers and staff issues made it difficult to project what could be carried out.

G Nixon

To the CEO, will we catch up?

Chief Executive Officer

It can be difficult. Problems were created with Royalties 2 Regions funding because our "own source" expenditure was too low. We have ensured there is some catch up in the current year budget.

G McGill

Queried Ex-Gratia rates.

Deputy Chief Executive Officer

Ex-Gratia rates are levied to the Benedictine Community and Cooperative Bulk Handling.

G McGill

Queried financial ratios.

Deputy Chief Executive Officer

Referred to page 52 of the Annual Report.

G Nixon

Queried debt service ratio and asked, what is acceptable?

Deputy Chief Executive Officer

Will advise the audit committee members following this meeting.

Cr Lovelock

Queried new ratios.

Deputy Chief Executive Officer

Still the same debate. Auditors are not sure that they can sign off. Probably training in January to March of 2013.

G Nixon

Council seem to have purchased a lot of Plant. How are we looking?

Chief Executive Officer

Council has a 10 year plant replacement programme and a plant reserve account. Some years are higher than others. We smooth out the cash flow with Reserve Account transfers.

G McGill

ROMAN II – seems to be a difficult thing to get to grips with. What is Administration doing?

Chief Executive Officer

We have appointed Opus Consultants. They will report to us before Christmas.

G McGill

Will we be able to keep it up to date?

Chief Executive Officer

Yes. Works Manager has the training and experience to maintain the data.

Cr Lovelock

Do we have confidence in the consultants?

Chief Executive Officer

Yes. We have given them concise instructions.

G McGill

Queried cash backed Reserves. These are as per Note II?

Deputy Chief Executive Officer

Yes.

G McGill

Is council happy with the level of Reserves?

Chief Executive Officer

I am not sure. We seem to be a little high on some and lower on others, Council is able to change this in Budget deliberations.

G McGill

Regarding the reserve accounts, how far back is it that we had no Reserves?

Chief Executive Officer

In 10 years we have built them up to the current levels.

3.2 Provision of Audit Services

General discussion was held regarding the total fees quoted and the hours required of an Auditor.

The committee requested the Deputy CEO to contact Anderson Munro Wylie and existing clients for further information and report back to the Audit Committee.

3.3 Calingiri Sports Pavilion Project

G McGill

Raised the issue of the Calingiri Sports Pavilion Project. Has received the income and expenditure report. Council had to raise \$170,000 loan and there were various contractual variations and also use \$130,000 from the housing reserve.

Chief Executive Officer

Yes a \$170,000 loan was raised but the housing reserve was not used for the pavilion. Housing reserve funds of \$130,000 were used for the Sports Oval, which was a separate project.

G McGill

For the Calingiri Sports Pavilion Project, were there other grants applied for?

Chief Executive Officer

Yes, in the earlier years.

G McGill

Was the pavilion a VP Shire project?

Chief Executive Officer

Under the agreement with the Football Club, the Shire would do the work and take over the asset.

G McGill

Therefore the Shire took responsibility for project? Did the Football Club take any role in management of the project?

Chief Executive Officer

Yes, Lincoln Mead acted as the 'unofficial' project manager and was the go-between, between the Builder and the Shire.

G McGill

Was there a previous grant application that was made, but for which to project was unsuitable?

Chief Executive Officer

LotteryWest said they would not fund a sporting facility. It was decided therefore to raise a loan to provide funding to ensure the project was completed.

G McGill

Should we have checked first that the LotteryWest grant would be applicable?

Chief Executive Officer

The Football Club did think it was ok.

G McGill

\$170,000 is a lot of money.

Chief Executive Officer

There was no electrical work in the tender. Linx Electrical would do the work. His quote of \$52,000 was omitted from the project budget. It was \$120,000 and \$50,000 totalling \$170,000.

Cr Erickson

Council have discussed this at large and in future any large projects will be managed entirely by Council Administration staff.

G McGill

I am pleased to hear that. Previously there have been projects that have blown out and although the shire is currently well placed financially, we do not wish to see a deterioration of reserves. I would like it noted that the Audit Committee has noted this, expressed some concern about events but are happy with the situation in moving forward.

G McGill

Will there be a lease between the Football Club and the Shire?

Chief Executive Officer

Yes, to maintain the building.

G McGill

And a lease amount?

Chief Executive Officer

Council are yet to discuss this.

G McGill

Was there an assessment of the Football Club to determine their ability to cover maintenance costs?

Chief Executive Officer

Yes, we obtained a copy of their financials.

G McGill

I understand that the Sports Oval is an excellent facility. Does the Shire own the oval?

Chief Executive Officer

Yes it is available for public use, and maintained by the Shire.

G McGill

Under certain negative scenarios the Council needs to be aware that they may be left with an asset that is not being used.

Cr Lovelock

Council has to provide an asset, as we do with library services etc.

Cr Johnson

If we had not built the facility the Football Club may have gone sooner.

G McGill

The Council just need to be aware of being careful when it comes to large projects.

G Nixon

Need to ensure that appropriate grants are selected for the correct projects.

3.4 AGM of Electors

The Chief Executive Officers reminded all in attendance of the AGM of Electors to be held on Tuesday 11th December in Council chambers at 5.30pm.

4 DECLARATION OF CLOSURE

There being no further business the Chairperson declared the meeting closed at 3.30pm

Signed this day of 2012

Presiding Member